Greater Hamilton
Economic Trends
Economics Report 89-2

Hamilton-Wentworth Region . Planning and Development Department . Strategic Planning Division

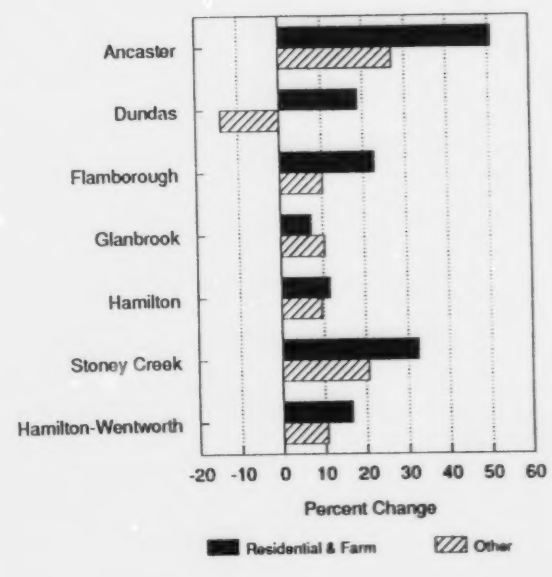
Introduction

This bulletin outlines economic trends occurring within the Region of Hamilton-Wentworth since the recession of 1982-83, with particular emphasis on the post-1986 time period.

1.0 Assessment

Total assessment in the Region expanded by 14.2 % between 1981 and 1988. Growth in residential assessment has outpaced all other assessment growth. Residential assessment expanded in all of the area municipalities, increasing by 16.6 % within the Region. Other assessment within the Region expanded by 10.6 %.

Percent Change in Assessment
Area Municipalities, 1981 to 1988
(Current Dollars)



Note: Other refers to commercial, industrial and business assessment

Source: Assessment Files.

Highlights ...

- The total labour force in the Hamilton CMA increased by 20.5 % between 1981 and 1986, while unemployment levels have remained in the 6.5 % range since 1984.
- Thirty-seven percent of the Region's labour force was employed in the service sector in 1986, up from 33.0 % in 1981.
- The total value of building permits issued between 1981 and 1988 has increased by 192.5 %. In 1988, residential building permits accounted for 68.7 % of all of the building permits issued.
- Manufacturing value added per employee increased by 24.8 %, from $58,475 to $72,985 per employee (1981 constant dollars) between 1980 - 1985.
- Since the 1982-83 recession, the steel industry has made a full recovery, and is currently embarking on major capital improvements.
- In 1988, real total retail sales were 31.0 % above the 1981 level.
- Business establishments within the Region have increased by 32.6 % since 1985.
- Real per capita income grew by 16.7 % between 1986 and 1988.

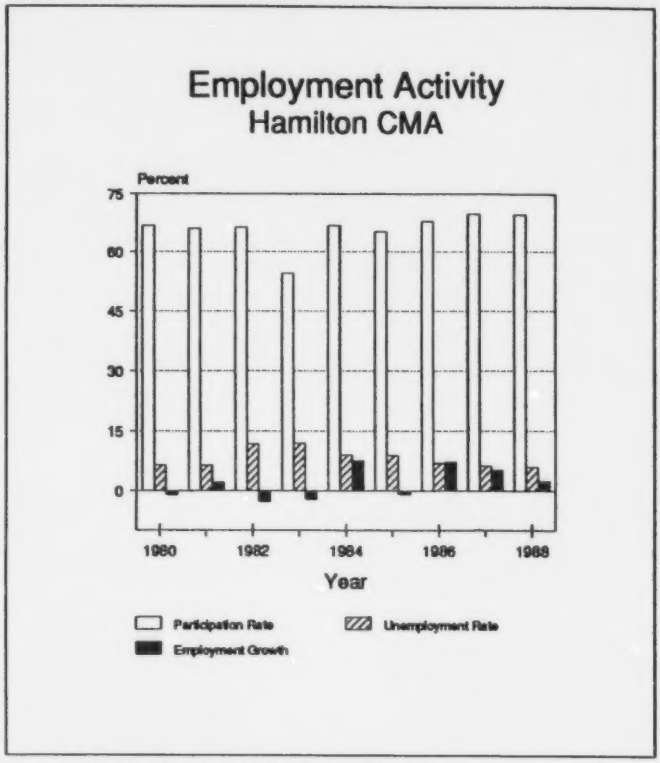
2.0 Employment

Employment activity within the Greater Hamilton CMA has remained strong between 1980 and 1988, with the total labour force increasing by 20.5 % from 268,000 to 323,000. Even with this expansion in the labour force, unemployment rates have fallen annually in the post-recession period after a peak of over 11.0 % in 1982 to 6.1 % in 1988.

Participation rates within the CMA have remained at or near 65 % throughout the 1980's. The labour force has experienced positive growth, except for the 1982-83 recession and in 1985. The positive growth in the labour force since 1985 has offset the decline of 1982, 1983, and 1985.

The expanding labour force and a declining unemployment rate suggests that job creation in the CMA has been sufficient to absorb the annual increase in the size of the labour force.

Note: The Hamilton CMA includes Hamilton-Wentworth, Burlington and Grimsby.



Source: Statistics Canada, Catalogue No. 71-001.

2.1 Employment by Industrial Sector

Within the Region, total employment increased by four percent between 1981 and 1986. A shift in employment occurred away from manufacturing towards the service sector. In 1986, business services overtook manufacturing as the largest industrial employment sector. Manufacturing employment declined by approximately 12.0 % while total employment in trade, transportation, communications, and utilities, finance, real estate and other business services all expanded by 14.5 %.

Primary industries (extractive, farming) experienced a significant growth of nearly 18.0 %. This growth rate was well above the provincial average for 1981 to 1986, where total employment in primary industries declined.

With the increase in employment in business (Financial, Insurance and Real Estate and other) services, the service sector now accounts for a total of 37.0 % of the total employment of residents of the Region. This is an increase from the 1981 level when the service sector accounted for 33.0 % of the labour force.

Labour Force Employment by Industrial Sector

Industry Sector	1981	1986	% Change 1981-1986
Primary	3,905	4,595	17.7
Manufacturing	69,945	61,575	-12.0
Construction	12,715	13,200	3.8
Transportation *	10,955	11,325	3.4
Trade	32,900	37,610	14.3
FIRE *	8,875	10,375	16.9
Government	7,725	7,635	-1.2
Other Services	59,000	68,580	16.2
Total	206,020	214,895	4.3

* Transportation includes communications and utilities; FIRE refers to Finance, Insurance and Real Estate

Source: Statistics Canada, Special Run (1981), 94-114 (1986)

3.0 Business Activity

The number of business establishments within the Region has increased since 1985 by 4,377, or 32.6 %. All Area Municipalities have experienced growth in the number of business establishments; Hamilton attracted the largest share at 76.3 %, followed by Stoney Creek at 12.3 %. The percentage share of the increase in the other Area Municipalities was: Ancaster, 3.2 %; Dundas 2.4 %; Flamborough, 4.0 %; and Glanbrook 1.8 %.

Within the Region, the geographical distribution of business establishments has remained fairly constant from 1985 to 1988. The highest concentration is found in Hamilton. The distribution of firms in 1988 was: Ancaster, 2.7 %; Dundas, 3.5 %; Flamborough, 4.4 %; Glanbrook, 1.6 %; Hamilton, 76.8 %, and Stoney Creek, 11.0 %.

Number of Business Establishments
Industrial and Commercial
Area Municipalities, 1985 - 1988

	1985	1988	% Change 1985-1988
Ancaster	338	478	41.4
Dundas	521	625	20.0
Flamborough	612	789	28.9
Glanbrook	202	281	39.1
Hamilton	10,346	13,685	32.3
Stoney Creek	1,424	1,962	37.8
Total	13,443	17,820	32.6

Source: Municipal Assessment Files.

3.1 Retail Activity

Retail activities within the Region have continued to expand with an increase of over 85 % in total retail sales since 1981; or over 31 % when adjusted for inflation. Continued growth in total retail sales indicates strong consumer confidence regarding the local economy. Per capita retail sales have increased by 78 % between 1981 and 1988 reflecting the increase in per capita income.

Between 1986 and 1988, hardware stores (77.6 %), motor vehicle dealers (37.1 %) and furniture, appliances, TV and radio (26.9 %) were the fastest growing retail sector. Food sales as a percentage of total sales decreased in this time period, suggesting that residents have more disposable income to spend on other goods.

Retail Sales
Hamilton-Wentworth, 1986 - 1988
(Millions of Current Dollars)

	1986	1988	% Change 1986-88
Food Stores	587.1	618.0	5.3
Motor Vehicles	439.6	602.5	37.1
Service Stations	180.8	204.3	13.0
Apparel	126.8	144.9	14.3
Hardware	15.2	27.0	77.6
Furniture	56.2	71.3	26.9
Other	970.9	1,141.8	17.6

Source: Financial Post, Canadian Urban Markets, 1986, 1988.

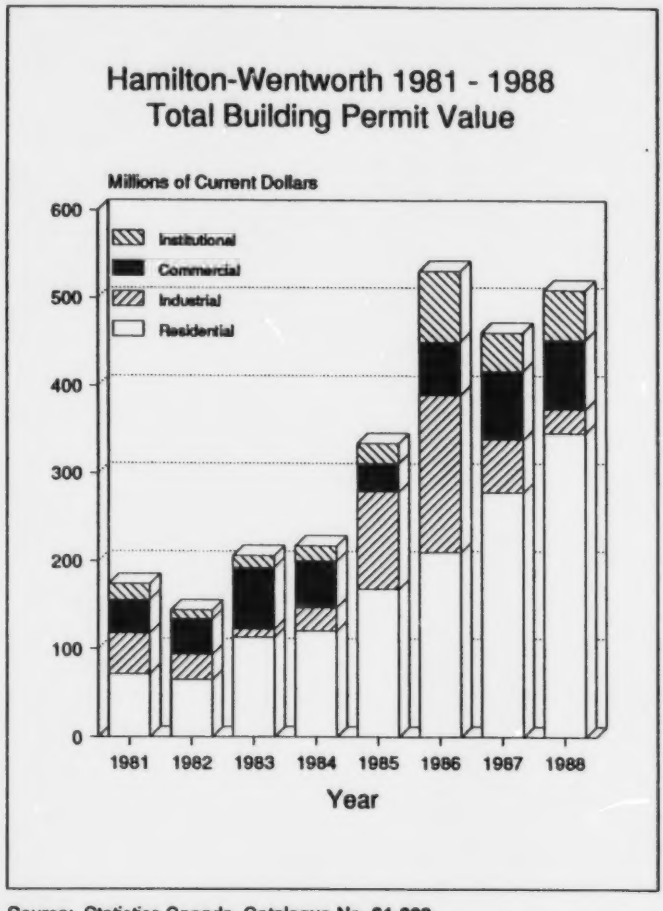
4.0 Construction

Between 1981 and 1988, the total value of annual building permits issued increased by 181.3 %. The peak year for the value of building permits issued was 1986.

All of the Area Municipalities have experienced a growth in the total value of permits issued. Dundas posted the largest relative increase in permit values. Strong growth has also occured in the other Area Municipalities: Ancaster, 372 %; Flamborough, 391 %; Glanbrook, 300 %; Hamilton, 128 %; and Stoney Creek, 183 %.

The City of Hamilton has continued to account for the majority of the total value of building permits issued. However, this share has been declining from a high in 1980 of 71.7 % to the current level of 52.0 %. The other Area Municipalities increased their share of non-residential building permits.

Residential building permits in 1988 accounted for 68.1 % of all building permits issued. This is an increase from the 1981 level when residential building permits counted for 41.1 % of all building permits issued. The value of industrial building permits has fluctuated between 1981 and 1988, with 1986 representing the peak year for industrial permits. In 1988, commercial building permits were at their highest level at $78.5 million. Institutional permits peaked in 1986, but in 1988 were more than double the 1981 level.



Source: Statistics Canada, Catalogue No. 61-203.

4.1 Residential Building Permits

Hamilton-Wentworth has experienced significant growth in residential construction permit values increasing by 376.2 % between 1981 and 1988. Overall, each Area Municipality has seen the value of residential building permits increase since 1981. With the exception of Glanbrook, the value of residential building permits peaked between 1986 and 1987.

In 1988, 71.5 % of issued residential permits were for single dwelling units. The remainder, in descending order, are: apartments 15.0 %; row houses, 11.8 %; conversions, 1.3 %; and duplexes, 0.5 %.

Residential Building Permit Values
Area Municipalities ($Millions)

	1981	1988	% Change 1981-1988
Ancaster	10.4	45.2	334.6
Dundas	5.0	21.9	338.0
Flamborough	8.6	53.1	517.4
Glanbrook	1.5	5.8	286.7
Hamilton	24.1	139.6	479.0
Stoney Creek	21.9	74.9	242.0
Total	71.5	340.5	376.2

Source: Statistics Canada, 61-203 (1981 to 1986), Area Building Departments (1987-88)

5.0 Manufacturing

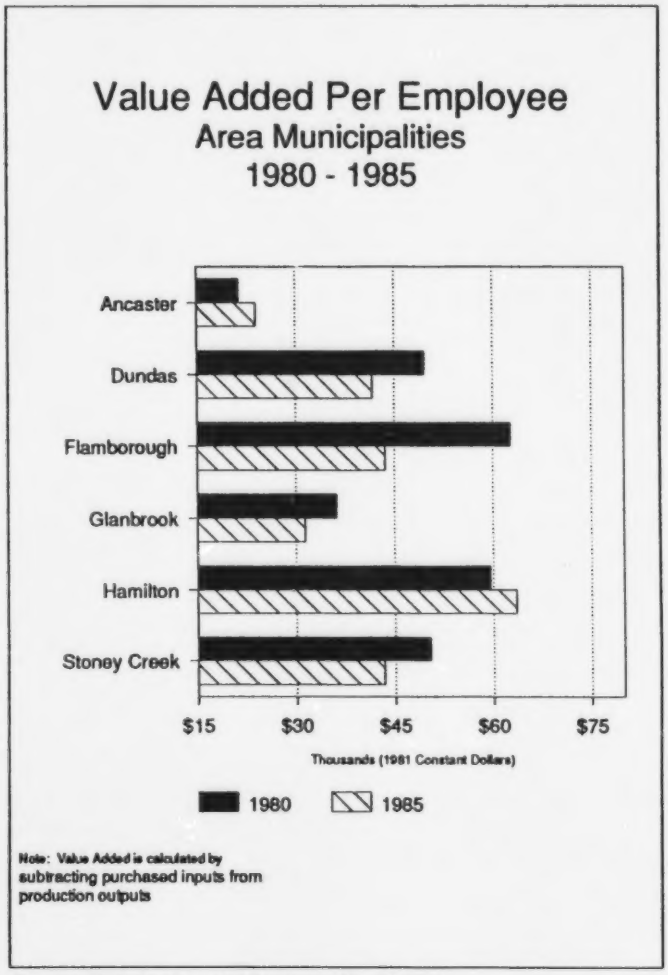
Between 1980 and 1985, total manufacturing value added increased in the Region by nearly 24.0 %. During this same time period, the total number of production and related workers decreased by 16.0 %.

The total number of manufacturing establishments within the Region declined by 4.0 % between 1981 and 1985. Ancaster and Stoney Creek had a net increase of thirteen manufacturing establishments. The number of manufacturing establishments in the remaining Area Municipalities declined. Flamborough experienced the largest single decline, from 24 to 13 manufacturing establishments.

As a result of the decrease in both the number of production workers and the number of firms, total person hours worked in production (per year) within the Region decreased by 13.5 % between 1980 and 1985.

Only Hamilton and Ancaster increased their productivity levels between 1980 and 1985. In 1985, Hamilton accounted for 91.5 % of the total value added within the Region.

Aggregate productivity for the Region increased between 1980 and 1985, from $58,475 to $72,985 per employee (1981 constant dollars), an increase of 24.8 %. By contrast, real productivity in Ontario increased by 8.6 % in the same time period from $55,756 to $60,545. The Region's increase was due to Hamilton's concentration of employment and firms. This increase in productivity is the result of shifting manufacturing techniques as firms are becoming more capital intensive within the Region.



Source: Statistics Canada, Catalogue No. 31-205.

5.1 The Steel Industry

The steel industry has fully recovered since the recession of the early 1980's. There was a strong demand for steel products in 1988 and 1989 is expected to be a good year as preliminary orders for the year remain high. Between 1984 and 1988, total steel shipments were up by 6.1 % for Stelco and 33.3 % for Dofasco. The Canadian market is the largest market for domestically produced steel. Under the Free Trade Agreement, Hamilton steel products are now assured access to the United States market. In 1988, Canadian exports of steel accounted for 3.2 % of U.S. steel consumption, while total Canadian steel exports were four million tonnes. The Canadian steel industry had a one million tonne trade surplus in steel shipments in 1988.

With Dofasco's purchase of Algoma Steel in 1988, Dofasco-Algoma is now Canada's largest steel company, and the fourth largest in North America. In order to increase their international competitiveness, both Stelco and Dofasco have invested heavily in their Hamilton operations. Both steel companies are embarking on major capital improvements to their Hamilton mills. Dofasco will be adding a new cold-rolling mill while Stelco will be proceeding with a fourth steel processing line for the Hilton Works Mill.

6.0 The Health Care Sector

Health care facilities and services in Hamilton-Wentworth play a significant role in the local economy. The market area for the Region's institutional services is comprised of eleven regional municipalities and ranges from Durham to Wellington to Haldimand-Norfolk. In 1988, the total population within this market area was 5.35 million.

Within the Region, the seven hospitals are organized into five units for administrative purposes with each of the seven hospitals having adopted a specialized role. The seven Hamilton area hospitals have a total operating budget of $501.6 million.

The Region has completed Phase I of a feasibility study for the establishment of a health care and medical technology business park. Phase II, which is now underway, is examining locations and the specific characteristics for such a park.

Operating Statistics
Hamilton-Wentworth Hospitals, 1988

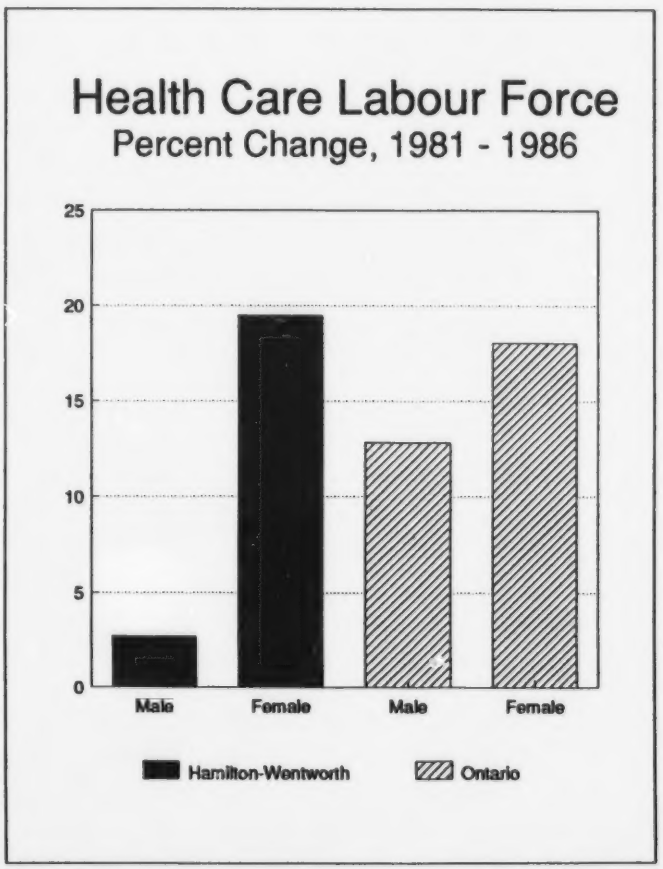
Hospital	Total Staff	Budget ($ Millions)
Chedoke-McMaster	4,495	165.0
Hamilton Civic	3,078	168.0
Hamilton Psychiatric	727	34.5
St. Joseph's	2,787	115.9
St. Peter's	520	18.2
Total	11,607	501.6

Source: Individual Hospitals.

6.1 The Health Care Labour Force

Employment specialization in health care occupations is higher in the Region than in Ontario. Since 1961 the degree of health care employment specialization in the Region relative to Ontario has been increasing.

From 1981 to 1986, the health care labour force expanded by 16.3 % in the Region. This compares to a 16.9 % increase in Ontario. The total number of residents in the Region employed in medicine and health care occupations increased by 16.3 %, from 9,615 in 1981 to 11,180 in 1986. The female labour force accounts for the majority of the total health care labour force, and has grown faster than the male labour force. Female employment in the health care sector accounted for 97.0 % of the total increase in health care employment. Total female employment increased by 19.5 %, while overall male employment increased by 2.7 % between 1981 and 1986.



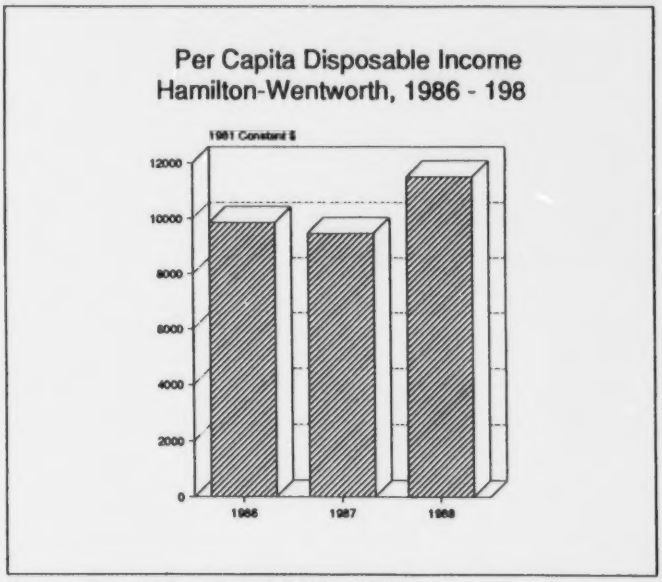
Source: Statistics Canada, Special Run (1981), 94-114 (1986).

7.0 Regional Trends

7.1 Disposable Income

Real disposable income in Hamilton-Wentworth increased from $4,239 million in 1986 to $4,914 million in 1988, an increase of 15.9 %. This rate of increase was above the national increase of 7.9 % during the same time period.

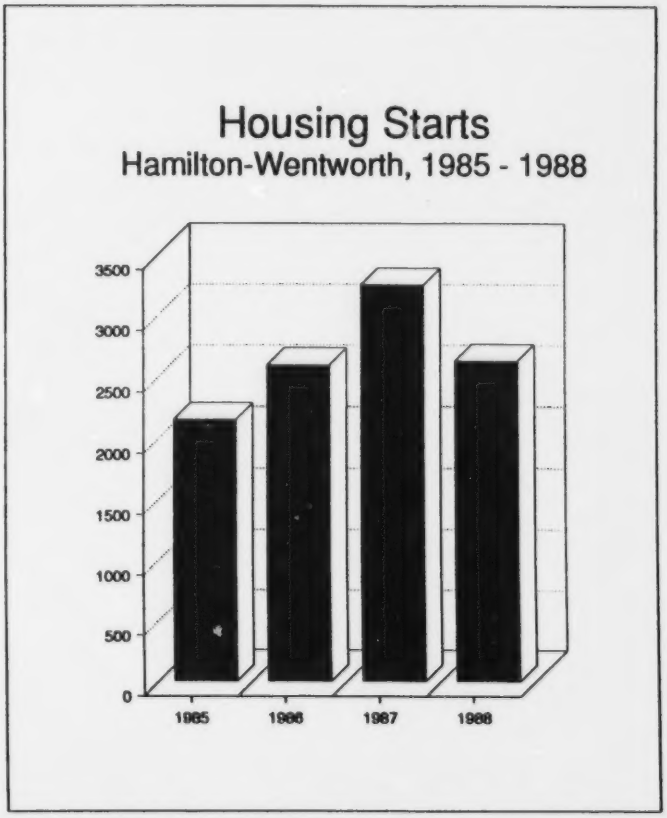
Real per capita income in the Region increased by 16.3 % from $9,850 in 1986 to $11,460 in 1988. This was above the rise over the same period for Ontario of 14.3 %.



Source: Financial Post, Canadian Urban Markets.

7.2 Housing Starts

Escalating Metropolitan Toronto housing prices have contributed to increased residential activity in southern Ontario. In Hamilton-Wentworth annual housing starts increased by 22.2 % from 2,153 to 2,631 between 1985 and 1988. In 1987, housing starts reached a record high of 3,255.

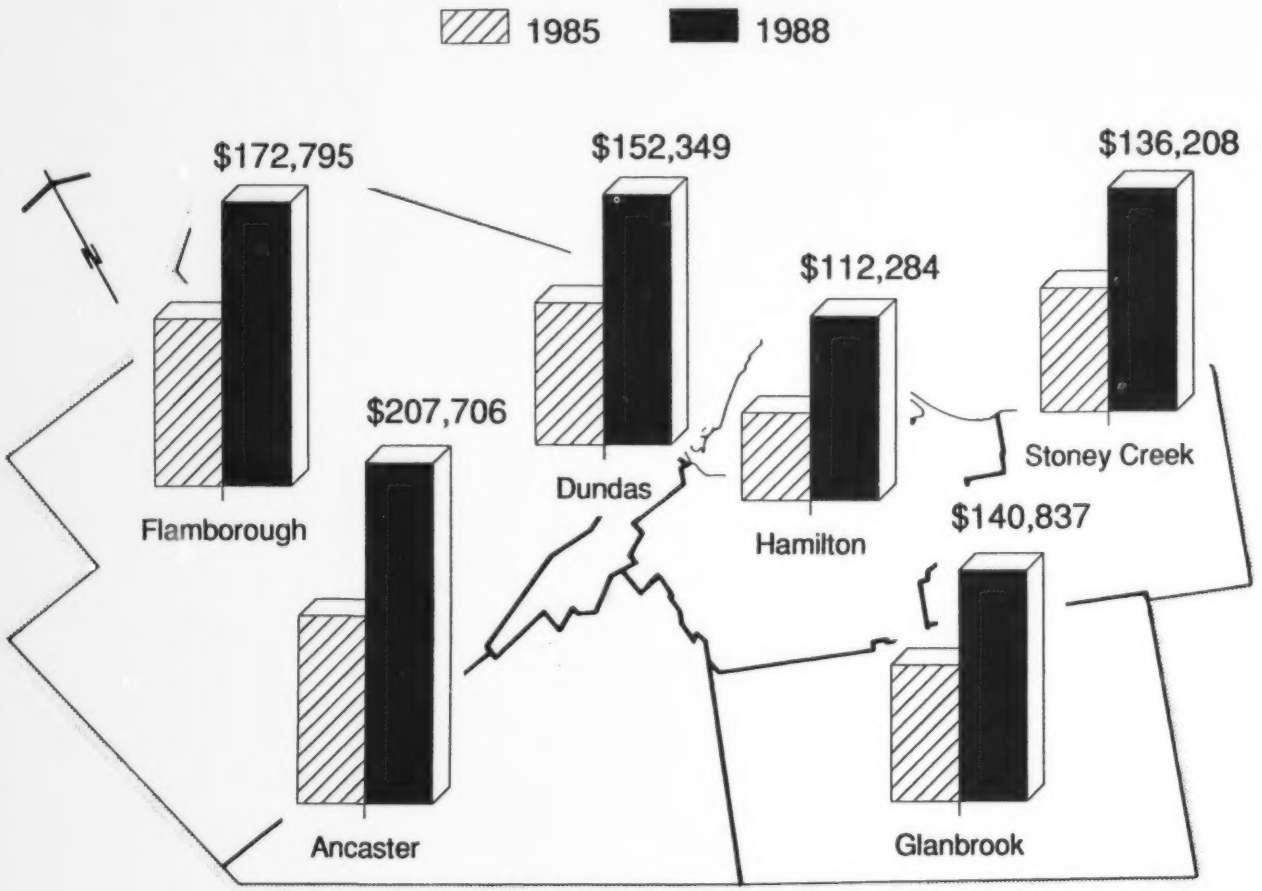


Source: Statistics Canada, 64-002.

8.0 Conclusions

Since the 1982-83 recession, the Hamilton-Wentworth economy has completed a full recovery with strong growth in population, employment and income. Economic growth in Hamilton-Wentworth has proceeded at a steady and constant level, rather than short term explosive growth. Major infrastructural improvements (Highway 403 completion and full GO Rail Service) will only serve to assist in the maintenance and continuation of economic growth within the Region into the 1990s. beyond.

Average Residential Property Sales Value
Area Municipalities, 1985 and 1988



Note: The dollar figures indicated are the average 1988 residential selling prices for each area municipality.

This is one in a series of information bulletins produced by the Regional Planning Branch of the Planning and Development Department, Regional Municipality of Hamilton-Wentworth.

Other Bulletins currently available:

- Greater Hamilton Population Trends and Projections (Report 89-1)
- Greater Hamilton Regional Centre (Report 88-2)
- Greater Hamilton Large Office Inventory (Report 88-1)
- Greater Hamilton Industrial Development (Report 87-4)
- Greater Hamilton Construction Trends (Report 87-3)
- Greater Hamilton Labour Force (Report 87-2)
- Greater Hamilton Population Trends (Report 87-1)

For further information, please contact William Lambert at 526-2646.